

EXECUTIVE SECRETARIAT
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Remarks

Should intelligence input be made to this
mtg?

STAT

Executive Secretary

12 Jun 85

Date

3637 (10-81)

THE WHITE HOUSE
WASHINGTON

June 12, 1985

NOTE FOR WILLIAM J. CASEY

FROM: ROGER B. PORTER *RBP*

The agenda and papers for the
June 14 meeting of the Economic
Policy Council are attached.

Executive Registry

85- 2368

THE WHITE HOUSE
WASHINGTON

June 11, 1985

MEMORANDUM FOR THE ECONOMIC POLICY COUNCIL

FROM: ROGER B. PORTER *RBP*
SUBJECT: Agenda and Papers for June 14 Meeting

The agenda and papers for the June 14 meeting of the Economic Policy Council are attached. The meeting is scheduled for 4:30 p.m. in the Roosevelt Room.

The first agenda item is an overview of U.S.-E.C. trade relations. At the June 5 meeting, the Council requested the Department of State and the Office of the U.S. Trade Representative to prepare a strategy paper for U.S.-E.C. trade relations. A copy of that paper is attached.

The second agenda item concerns Cook Inlet crude oil exports. The Department of Energy has prepared an options paper on the issue of whether the Administration should pursue the actions necessary to permit the export of Cook Inlet crude oil. A copy of that paper is also attached.

Attachments

~~Confidential Attachment~~



THE WHITE HOUSE

WASHINGTON

ECONOMIC POLICY COUNCIL

June 14, 1985

4:30 p.m.

Roosevelt Room

AGENDA

1. U.S.-E.C. Trade Relations
2. Cook Inlet Crude Oil Exports

UNDER SECRETARY OF STATE
FOR ECONOMIC AFFAIRS
WASHINGTON

June 11, 1985

CONFIDENTIAL

MEMORANDUM FOR MR. ROGER PORTER
THE WHITE HOUSE

SUBJECT: Strategy Paper on US-EC Trade Relations

In response to the request of the Economic Policy Council at its meeting of June 5, I enclose a paper prepared jointly by the Department of State and the Office of the US Trade Representative on a strategy for US-EC trade relations. The paper has been approved by Deputy Secretary Dam and Ambassador Smith. I assume you will circulate it to the members of the Council in advance of the meeting on June 14.

Allen Wallis

Allen Wallis

Attachment:

As Stated.

CONFIDENTIAL
DECL: OADR

CONFIDENTIAL

STRATEGY FOR US-EC TRADE RELATIONS

I. Introduction

In a sense, US-EC trade relations have been "poor relatives" of our security ties through NATO and bilateral relations with member states. In turning over trade issues to the Commission, our European allies have tended to see them as on a separate and unrelated track. This dichotomy, inherent in the formation of the EC, becomes a particular problem only if trade issues are handled by the Commission with little or no sensitivity to their impact on the international trading and monetary system. This now seems to be the case. At the working level a degree of mutually reinforcing frustration has entered into the treatment of issues on both sides of the Atlantic. Should such trends continue, the resulting serious threat to the international economic system would also undermine the political/security Alliance, which rests on an assumption of economic as well as strategic cooperation.

The overriding objective of the proposals made in this study is to reinforce and deepen comprehension in Europe that economic issues are inseparable from the rest. To do this, we propose a strategy for coordinating US approaches to individual issues, with an eye to timing as well as to substance and to the effect actions in each individual area may have on other economic objectives, on the overall US-European relationship, and on Congressional support for maintaining the international trading system.

In the end, despite our best efforts, it may not be possible to negotiate settlements of all our problems with the EC on terms consistent with our trade interests. Should this happen, we ought to work with the Community to limit the impact on other areas of our relationship of any trade actions we take.

Finally, in the event the EC is not able to muster Community-wide support for trade liberalization initiatives, we should not allow this policy divergence to weaken our own commitment to freer international trade.

II. Inventory of Problems

1. Agriculture

The EC is our second largest agricultural customer and our major competitor in world markets. Its Common Agricultural Policy (CAP) has encouraged over-production, and reduced our

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